

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
AMERICAN POSTAL WORKERS UNION INTERROGATORY REDIRECTED FROM
WITNESS ROSENBERG TO WITNESS NERI (APWU/USPS-T3-21(b))**
(March 6, 2012)

The United States Postal Service provides the response of witness Neri (USPS-T-4) to the above-listed question from the American Postal Workers Union, redirected from witness Rosenberg (USPS-T-3) and dated February 7, 2012. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 6, 2012

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APWU/USPS-T3—21

Please refer to APWU-USPS-T3-19 which asked “What led you to conclude that the relaxation of current service standards was the only way to reduce ...unused” equipment capacity? Your response (filed January 5, 2012) states: There is limited ability to increase the utilization of equipment without expanding the operating window. The operating windows, under current service standards, cannot be expanded without encroaching on the operating windows of downstream sortation, transportation, or delivery.

b) Please refer to OIG Audit Report EN-AR-12-001, which is included in USPS LR-N2012-1/42. At page 11, this Audit Report states the following regarding the transfer of originating mail operations from the Flint, MI P&DC to the Michigan Metroplex P&DC:

On September 22, 2009, the Postal Service completed the transfer of Flint's P&DC originating mail operations to the Michigan Metroplex P&DC. The final post implementation review was completed and signed on May 23, 2011 showing a total annual saving of \$2,292,466. The majority of the savings were due to workhour reductions.

i) Do you agree that the Postal Service's May 23, 2011 final post implementation AMP review of the transfer of Flint P&DC originating mail operations to Michigan Metroplex P&DC reported annual savings of close to \$2.3 million? If you do not agree, please indicate what you believe is the correct annual savings reported by the May 23, 2011 post implementation review.

ii) Do you agree with the Audit Report's conclusion that the “majority of the savings” resulting from the transfer of Flint P&DC originating mail operations to the Michigan Metroplex P&DC “were due to workhour reductions.” If you do not agree, please explain. In particular, please indicate in your explanation whether you do not agree with this Audit Report conclusion because you do not believe the transfer of operations achieved any significant savings; or whether you do not agree because you believe the transfer did achieve savings, but due to factors other than workhour reduction.

iii. If you agree that the transfer of Flint P&DC originating mail operations to Michigan Metroplex P&DC achieved substantial savings “due to workhour reductions;” or achieved significant savings due to other factors, did the achievement of these workhour reduction or other cost-saving changes require expansion in the operating-window time periods for any mail processing operations conducted at the Michigan Metroplex P&DC? If so, please explain which operations required increases in their operating windows, and the extent of such increases.

iv. If you agree that the transfer of Flint P&DC originating mail

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operations to Michigan Metroplex P&DC achieved substantial savings “due to workhour reductions;” or achieved significant savings due to other factors, to what extent were First-Class Mail service standards or other service standards applicable to turn-around mail and non-turn-around mail originating from or destinating to the Flint and Michigan Metroplex service areas reduced or otherwise modified in order to achieve the workhour-reduction or other cost savings? If service standards were not reduced, please explain how the transfer of operations from Flint P&DC to Michigan Metroplex P&DC accomplished the reported workhour-reduction and/or other cost savings.

RESPONSE:

b) i) Yes.

ii) Yes.

iii) Yes, cancellation and outgoing primary operations were completed later due to a later arrival of mail volume.

iv) I am aware of no instance where the Postal Service stated that savings could not be realized without expansion of operating windows. As stated in witness Rosenberg’s response, and in witness Williams response to GCA/USPS-T1—1, there is limited savings available. The Postal Service has determined that utilizing plants and equipment for short periods of time during the day due to the overnight constraint is not the best course of action when facing significant deficits combined with declining volumes.